FUNDING FOR HIGHER EDUCATION IN INDIA IN POST ECONOMIC MOVEMENT

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INTRODUCTION:

Higher education is recognized as a critical input in human development and social development in any society. The tertiary level of education provides not only the high level skills necessary for every labour market, but also the training essential for teachers doctors, nurses, civil servants, engineers, humanists entrepreneurs scientists, social scientists and myriad personnel. It is these trained individual who develop the capacity and analytical skills that drive local economics, support civil society, teach children, lead effective governments, and make important decisions which affect entire societies. Development of education becomes an important agenda after Theodore Schultz in 1961 published an article in American Economic Review entitled "Investment in Human Capital". In this article Schultz introduced his theory of human capital. He argues that both knowledge and skills are a form of capital and that this capital is the product of deliberate investment and that investment in human capital must focus on supporting individuals acquiring education, since it is knowledge and skill that affects one's ability to do productive work. Higher education is therefore regarded crucial to the development of developing countries and their ability to compete in global economy

The higher education has so much of the positive externalities that financing of higher education remain predominantly a governmental responsibility in developed and developing countries alike. Besides, the constitutional ideals of equality and social justice have also provided the framework where public financing of higher education is considered as a necessary condition.

Economic Reforms and Higher Education in India:

As the national and international agencies began expressing their commitment to education and faith in human capital for development, the world economic crisis was unveiled with the first and second oil crisis world inflation, mounting foreign debt, structural adjustment and readjustment policies and processes and recessionary trends.

Very soon it was realized that the last decade of the century - the 1990's was going to be the decade of containment. The decade of containment began in some countries in Asia like India with the introduction of new economic policies, familiarly known as adjustment polices that is associated with World Bank and International Monetary Fund. This structural adjustment programme included the curtailment of government expenditure by way of withdrawal of subsidies and price support programs, reduction in investment of socio- economic overheads, disinvestments in state owned enterprises, reduction in import duties for capital goods and raw materials, increased incentives for inflow of foreign capital and technology and convertibility of the rupee. The states started gradually withdrawing from those sectors that were seen as non-profit making and burden on its treasury and as a result social sector becomes the obvious target. In the field of higher education these policies made a direct impact and, as a result drastic reduction in public subsidies accompanied with shifting the burden of financing and delivering educational services from Government to parents communities, NGOS and the private sector.

In pursuance of the provision in the POA two committees were set up by Government of India in the year 1992 to make recommendations regarding the mobilization of additional funds for universities and technical institutions. Both these committee and various other policy documents, committees and commissions made significant recommendations regarding the funding of higher education.

Discussion Paper on Public Subsidies:

Another significant development having implications for policy making pertaining to financing of higher education was a discussion paper entitled Government Subsidies in India". This paper sought to differentiate between merit goods and non-merit goods on basis of their externalities or social returns. The paper suggested that cutting down subsidies on non-merit goods could reduce fiscal deficits and education beyond elementary level was classified as non-merit good because here the benefit of subsidies accrues primarily to the recipients. On the contrary, the benefits of providing elementary education spread well beyond the immediate recipients. In justification of the stand, it was also pointed out that the rich often appropriate subsidies in higher education and the target population is not actually benefited by the subsidies. Since public spending is financed by public tax, subsidising higher education would actually amount to subsidising the rich by the poor.

Report on Policy Framework for Reforms in Education:

The policies adopted by GOI regarding higher education are a boom to private sector that is ready to enter into the field of higher education as they took it as industry is like steel. Petroleum or automobile manufacturing industry without thinking about the very fact that in education input are human beings, process is on human being and output are also human being which cannot be managed by the business principle alone. But government was keen to privatise higher education and so it through the Prime Minister Council on Trade and Industry constituted a special subject group on investment in education, health and rural development. The Prime Minister found no experts in the concerned areas but the noted industrialists Mukesh Ambani (Convenor) and Kumaramanglam Birla to constitute this special subject group. The report was submitted to PMCTI in April 2000 and it proved to be another significant development in education policy making in India.

As per the perspective for financing of higher education is concerned, the report also echoed the World Bank's version by suggesting that given the sustained fiscal deficits the government must focus strongly on primary and secondary education and leave higher and professional education to the private sector. Such privatisation of higher & professional education can relieve government funding from these areas, which can be used for primary education and improving literacy. It also sought to convert the entire system of higher education in the country to a market where profit making will be the only consideration. That is why it referred the government to legislate a private university bill to encourage establishment of new private universities in the field of science & technology management and finance areas.

Thus the Ambani-Birla report outlined the contours of educational development in the country as commensurate with the needs of emerging global economy on the one hand and those of local corporate sector on the other.

Report on Central Government Subsidies in India:

The Government of India revised its earlier of higher education and also responding to strong criticism to its earlier stand. In its report on Central Government Subsides in India 2004, the Ministry of Finance, reclassified higher education as Merit-IP good as while school education was termed as, Merit-P. It was recognised that Merit-II goods also need to be subsidised, but the extent of subsidy could be much less than that in case of Merit-I goods.

Report of the CABE Committee on of Higher and Technical Education:

The CABE committee took a comprehensive view of the problems relating to financing of higher and technical education in the country. It recommended that funding of higher education was generous state critically required for quantitative expansion, for improvement in quality and excellence and for preserving and promoting equity in higher education and the total allocation to education sector should be raised to the level of six per cent of GNP from the current level of about four per cent. Twenty five per cent of the total budget should be allocated to higher and technical education together. This would mean that higher and technical education would together get about 0.5 per cent of GNP approximately higher education and 0.5 per cent for technical education one per cent for While dealing with the issue of cost-recovery in higher education, the committee categorically stated that the rates of cost recovery in higher education were already fairly high in many universities and the scope for any further increase in cost recovery is extremely limited. The committee observed that revenue generation through student fees beyond twenty per cent may seriously affect access to higher education.

The committee emphasised the need for developing careful monitoring mechanisms so that loans are available mainly to economically needy and educationally deserving students to pursue higher education and also suggested setting up

of a body like Higher Education Finance Corporation (HEFC) with contributions from Government and corporate sector to coordinate the student loan schemes being operated by several banks and to provide on its own scholarships and soft loans to students.

However, this shift could not become a permanent feature of education policy making at the higher education level in India. Report of National Knowledge Commission established by UFA government clearly reflects the ideological conflict existing in the policy making of the government.

National Knowledge Commission, 2007:
In National Knowledge Commission's view the expansion of system of higher education in India is not possible without enhanced levels of financing, which must necessarily come from both public and private sources

The commission recommended that the government support for higher education should be at least 1.5 per cent of GDP from a total of 6 per cent of GDP for education; but at the same time commission also argued for raising the fee levels in higher education institutions. In its view, on average fees constitute less than ten per cent of total expenditure in our universities. So, it stressed the need for rationalising fees in universities and other higher institutions. It suggested that as a norm. Fees should meet at least 20 per cent of the total expenditure in universities. In addition, fees need to be adjusted every two years through price indexation.

Furthermore, the commission recommended tapping such sources as alumni contributions, licensing fees, or user charges (for facilities in universities used by people from outside) and creating supportive institutional mechanisms that allows universities to engage professional firms for mobilising resources. It also recommended for stimulating private investment and public private partnerships where the government provides the land and the private sector provides finances.
Report of 'The Committee to Advice on Renovation and Restoration of Higher Education'

Yashpal committee viewed higher education from different perspective. It stated that higher education is a means to overcome caste and class hierarchy, patriarchy and other cultural prejudices and also a source of new knowledge and skills, a space for creativity and innovations. Higher education, therefore, was and continues to be considered a national responsibility and the state has to make necessary provisions to realise its potentials.

However, recognizing that the cost of providing quality-education is increasing it recommended that while the state cannot walk away from its responsibility of financing higher education, imaginative ways will have to be devised to find complementary sources of funds. Changes in regulatory systems are required to encourage philanthropy from society. Further stated those universities and other academic institutions should be able to hire professional fund raisers and professional investors to attract funding from non- government sources.

The committee also argued that the absence of differential fee has led to the subsidisation of a segment of student body that can afford to pay for its education and there is no reason why both of these two categories of students be placed on same level when it financing their education. comes to Thus, following the popular discourse the Yashpal Committee also opined guaranteed student loans at low interest for those who can take loans However, it also recommended free education for those who cannot afford it.

CONCLUSION:
Analysis of various policy documents clearly reflects that liberalisation of Indian economy as a result of structural adjustment programmes lead to the policy shift regarding financing of higher education in India and this policy shift is also influenced by the ideas of World Bank and International agencies. On the one hand, the overall thrust in these policies is on deregulation, privatisation, introduction of cost considerations also find their expression. recovery mechanism and on the other hand enhancement of public financing and equity A clear coherent and long term policy perspective in higher education is lacking and this is clearly revealed by the reports of Ministry of Finance, Government of India in which in May 1997 higher education was classified as non-merit good and proposed to reduce subsidies to non-merit goods in order to reduce fiscal deficits and in 2004 higher education was reclassified as 'Merit-IP good which also needs to be subsidised, but the extent of subsidy could be much less than in case of Merit- goods. Due to this in-difference of Government and pitting of elementary and secondary education against higher education is leading to erratic and unregulated growth of private higher education which is detrimental for the developing country like India as it will lead to skewed development by investing only in those courses and programmes which has immediate market value and neglecting social sciences, humanities and fundamental research which is important for long time sustained development.

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